

PARTS 151-155 [RESERVED]**PART 156—EXCISE TAX ON GREENMAIL****Subpart A—Tax on Greenmail**

Sec.

156.5881-1 Imposition of excise tax on greenmail.

Subpart B—Procedure and Administration

- 156.6001-1 Notice or regulations requiring records, statements, and special returns.
- 156.6011-1 General requirement of return, statement, or list.
- 156.6060-1 Reporting requirements for tax return preparers.
- 156.6061-1 Signing of returns and other documents.
- 156.6065-1 Verification of returns.
- 156.6071-1 Time for filing returns relating to greenmail.
- 156.6081-1 Automatic extension of time for filing a return due under chapter 54.
- 156.6091-1 Place for filing chapter 54 (Greenmail) tax returns.
- 156.6091-2 Exceptional cases.
- 156.6107-1 Tax return preparer must furnish copy of return and claim for refund to taxpayer and must retain a copy or record.
- 156.6109-1 Tax return preparers furnishing identifying numbers for returns or claims for refund.
- 156.6151-1 Time and place for paying of tax shown on returns.
- 156.6161-1 Extension of time for paying tax or deficiency.
- 156.6165-1 Bonds where time to pay tax or deficiency has been extended.
- 156.6694-1 Section 6694 penalties applicable to tax return preparer.
- 156.6694-2 Penalties for understatement due to an unreasonable position.
- 156.6694-3 Penalty for understatement due to willful, reckless, or intentional conduct.
- 156.6694-4 Extension of period of collection when tax return preparer pays 15 percent of a penalty for understatement of taxpayer's liability and certain other procedural matters.
- 156.6695-1 Other assessable penalties with respect to the preparation of tax returns or claims for refund for other persons.
- 156.6696-1 Claims for credit or refund by tax return preparers.
- 156.7701-1 Tax return preparer.

AUTHORITY: 26 U.S.C. 6001, 6011, 6061, 6071, 6091, 6161, and 7805.

Section 156.6060-1 also issued under 26 U.S.C. 6060(a);

Section 156.6081-1 also issued under 26 U.S.C. 6081(a);

Section 156.6109-1 also issued under 26 U.S.C. 6109(a);

Section 156.6109-2 also issued under 26 U.S.C. 6109(a);

Section 156.6695-1 also issued under 26 U.S.C. 6695(b).

SOURCE: T.D. 8379, 56 FR 65685, Dec. 18, 1991, unless otherwise noted.

Subpart A—Tax on Greenmail**§ 156.5881-1 Imposition of excise tax on greenmail.**

(a) *In general.* Section 5881 of the Code imposes a tax equal to 50 percent of the gain or other income realized by any person on the receipt of greenmail, whether or not the gain or other income is recognized.

(b) *Transactions occurring on or after March 31, 1988.* For transactions occurring on or after March 31, 1988, greenmail is defined as any consideration transferred by a corporation (or any person acting in concert with the corporation) to directly or indirectly acquire stock of the corporation from any shareholder if:

(1) The transferring shareholder has held the stock (as determined under section 1223) for less than two years before entering into the agreement to transfer the stock,

(2) The shareholder, any person acting in concert with the shareholder, or any person related to the shareholder or to a person acting in concert with the shareholder made or threatened to make a public tender offer for stock of the corporation at some time during the two-year period ending on the date of the acquisition of the stock by the corporation, and

(3) The acquisition is pursuant to an offer that was not made on the same terms to all shareholders.

(c) *Transactions occurring before March 31, 1988.* For transactions occurring before March 31, 1988, greenmail has the same meaning as in paragraph (b) of this section, except that it does not include any consideration transferred by any person acting in concert with the corporation described in that paragraph.

(d) *Effective date.* Generally, section 5881 of the Code applies to consideration received after December 22, 1987, in taxable years ending after that date.